

## Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-04 INR-11 NSAE-00 RSC-01 CG-00 COA-02 DLOS-07

SWF-02 TRSE-00 DRC-01 /051 W  
----- 078401

R 151055Z AUG 74

FM AMEMBASSY JAKARTA  
TO SECSTATE WASHDC 3914  
INFO AMEMBASSY CANBERRA  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY MANILA  
AMEMBASSY SINGAPORE  
AMCONSUL MEDAN  
AMCONSUL SURABAYA

UNCLAS JAKARTA 10104

E.O. 11652: N/A

TAGS: ETRN, ID

SUBJ: SHIPPING: CONDITONS IN TANJUNG PRIOK PORT

REF: JAKARTA 3056

1. SUMMARY: CRASH PROGRAM TO IMPROVE CONDITIONS IN  
TANJUNG PRIOK, CLIMAXED WITH SERIES OF STERN MEASURES  
IN JULY, SHOWS ENCOURAGING SHORT-TERM RESULTS. END SUMMARY.

2. DEPARTMENT OF COMMUNICATIONS RECENTLY ANNOUNCED  
SERIES OF MEASURES TO IMPROVE PORT OPERATIONS,  
ESPECIALLY AT JAKARTA'S TANJUNG PRIOK. DEPARTMENT,  
WHICH EMBRACES POSTS AND TELECOMMUNICATIONS, AVIATION,  
TOURISM, ROADS, AND RAILS, IN ADDITION TO OCEAN  
SHIPPING, IDENTIFIES LATTER AS THE PRIORITY AREA,  
AND THAT SECTOR ACCOUNTS FOR A THIRD OF DEPARTMENT'S \$2 BILLION  
SPENDING PROJECTIONS FOR REPELITA II PERIOD. WITHIN SHIPPING  
SECTOR, TANJUNG PRIOK OPERATIONS ARE ONE OF DEPARTMENT'S  
KNOTTIEST PROBLEMS (THE OTHER BEING REHABILITATION OF THE NATIONAL  
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FLEET). ADMINISTRATION REPORTS THAT 5 MILLION TONS (MOSTLY

IMPORTS) TRANSITED PORT'S 3.5 MILLION-TONS-CAPACITY FACILITY IN 1973, 6 MILLION TONS TRAFFIC EXPECTED IN 1974.

3. IN MARCH LENGTHENED CUSTOMS WORKING HOURS AND SIMPLIFIED PROCEDURES WERE ANNOUNCED. (REFTEL). FREIGHTFORWARDERS NOW SAY THEY ARE NO LONGER PERMITTED CONTACT WITH CUSTOMS EMPLOYEES EXCEPT TO SUBMIT DOCUMENTS INITIALLY AND WITHDRAW THEM AT END OF CLEARANCE PROCESS. THIS ELIMINATES CHANNELS THROUGH WHICH CUSTOMS ALLEGEDLY EXACTED NUMEROUS "NUISANCE" BRIBES IN PAST.

4. COMMUNICATIONS MINISTER SALIM HAS ATTACKED PORT CONGESTION PROBLEM FRONTALLY BY ORDERING GOODS LEFT IN CUSTOMS WAREHOUSES AND OPEN PORT STORAGE AREAS MORE THAN TWO MONTHS BE MOVED TO WAREHOUSES OUTSIDE PORT AREA, WHERE THEY REMAIN UNDER BOND. CHARGES FOR TRANSFER ACCRUE TO IMPORTER.

5. COINCIDENTALLY WITH NEW OFFICIAL RATE STRUCTURE APPLICABLE TO INTER-ISLAND SHIPPING, MINISTER DECLARED NEW SCHEDULE OF PORT CHARGES INCLUDING HARBOR AND QUAI DUES, PILOTING, EQUIPMENT RENTAL, AND STORAGE CHARGES IN CUSTOMS AREA, EFFECTIVE JULY 7. STORAGE CHARGES DESIGNED TO PROVIDE INCENTIVE FOR PROMPT REMOVAL OF GOODS AND RESPOND TO PREVALENT BELIEF THAT IN PAST PORT CHARGES (AT LEAST IN TANJUNG PRIOK) WERE TOO LOW RELATIVE TO COMMERCIAL WAREHOUSE RENTAL. QUAI RENTALS WERE ADJUSTED TO DISCOURAGE TRAMPS UNDER NO SCHEDULE PRESSURE FROM LYING AT BERTH ON CHANGE OF PICKING UP EXTRA CARGO.

6. EFFECTIVE JULY 8 PORT ADMINISTRATOR TANJUNG PRIOK ABOLISHED SINGLE-SHIFT SCHEDULE FOR PORT WORKERS UNDER WHICH CARGO WAS ONLY HANDLED DURING A FRACTION OF THE DAYLIGHT HOURS. NEW SCHEDULE IS DOUBLE-SHIFT, ROUND-THE-CLOCK SYSTEM; DAY SHIFT 0800-1800 (1200-1300 A REST PERIOD AND 16-1800 ON OVERTIME BASIS) AND NIGH SHIFT (1900-0600; 2300-2400 REST PERIOD AND 0300-0600 ON OVERTIME BASIS).

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7. ADMINISTRATION HAS LAUNCHED CONSTRUCTION NEW QUAI AND GODOWNS ON 44-HECTARE PLOT IN CENTER OF PORT. STORAGE CAPACITY OF PORT WILL AMOUNT TO 1.2 MILLION TONS UPON COMPLETION THIS WORK. WE UNDERSTAND MINISTER ALSO CONSIDERING MEASURES TO ENCOURAGE OR OBLIGE MANUFACTURERS TO CONSTRUCT OWN GODOWNS AND FOSTER EXPANSION OF COMMERCIAL WAREHOUSING. GOI PRESSING CONSTRUCTION PROGRAM OF GOVERNMENT-OWNED P.T. BONDED

WAREHOUSES INDONESIA. PORT ADMINISTRATOR HAS RECEIVED AUTHORITY TO CONTROL PORT'S FINANCES SO THAT FOR FIRST TIME CAPITAL IMPROVEMENTS CAN BE FINANCED FROM PORT REVENUES RATHER THAN AWAIT GOI BUDGET ACTION.

8. RESULTS UNDER NEW REGIME DESCRIBED

ABOVE ARE, JUDGED FROM CASUAL OBSERVATION AND INQUIRY, ENCOURAGING. ONE SHIPPER REPORTS THAT HIS GENERAL CARGO VESSELS, WHICH WAITED 10-12 DAYS FOR BERTHING SPACE A FEW MONTHS AGO ARE NOW EXPERIENCING ONLY A WAIT OF TWO DAYS ON AVERAGE. HE ATTRIBUTES WAIT TO SHORTAGE OF BERTHING SPACE RATHER THAN SLOW TURNAROUND TIMES COMP-

LAINED OF EARLIER. FREIGHT FORWARDERS NO LONGER COMPLAIN OF CUSTOMS BACKLOG. OBSERVATION CONFIRMS QUAYS NO LONGER CONGESTED WITH MORE THAN SMALL FRACTION OF CLUTTER THAT IMPEDED CARGO HANDLING ONLY A FEW MONTHS AGO. THIS IS SO DESPITE NUMEROUS VEHICLES CAUGHT IN IMPORT BAN OF THIS JANUARY (ONE REPORT HAS IT 758 DETAINED WITHIN PORT AS OF MID-JULY, PLUS HUNDREDS MORE IN COMMERCIAL WAREHOUSES). ONE SHIPPING AGENT REPORTS PRODUCTIVITY PER STEVEDORING GANG HOUR REMAINS LOW (FIVE TONS) IN COMPARISON WITH OTHER PORTS IN ASIA. POSSIBLE CONTRIBUTING CAUSE: WHILE PORT LABOR WAS FORMERLY IN SURPLUS, WITH NEW SCHEDULE SOME MEN ARE NOW SO FREQUENTLY CALLED THAT THEY DO NOT GET PROPER REST. DESPITE OVER-ALL IMPROVEMENT, ATLANTIC AND GULF-INDONESIA CONFERENCE RETAINS SURCHARGE ON JAKARTA CALLS; SEVERAL LINES EITHER NO LONGER ACCEPT CARGO FOR TANJUNG PRIOK OR HAVE CURTAILED SERVICES HERE.

9. ACHIEVEMENTS SO FAR HAVE EXPOSED NEW PROBLEM AREAS. SIGNIFICANT NUMBER OF IMPORTERS BELIEVED UNABLE TO UNCLASSIFIED

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CLEAR GOODS BECAUSE THEY CANNOT PAY THEIR NOTES AT THE BANK, WHICH BANKERS RELATE TO SPECULATIVE OVER-STOCKING FOLLOWING GOODS SHORTAGES EARLIER THIS YEAR. STIFFER STORAGE CHARGES NOW BEING LEVIED LOSE THEIR INCENTIVE IF SUM OF ACCRUED CHARGES AND IMPORTER'S BORROWING ON SHIPMENT EXCEED WHAT HE CAN REALIZE BY SELLING THE GOODS. THE QUESTION WHO WILL PAY OPERATORS OF SECOND-LINE WAREHOUSES TO WHICH UNCLEARED GOODS HAVE BEEN MOVED WILL HAVE TO BE FACED.

10. DOMESTIC CREDIT CONTROLS RESTRAINING IMPORT GROWTH, ALONG WITH CONTINUED TRAFFIC DIVERSION TO NEARBY PORTS, MAY LIGHTEN PRESSURE ON TANJUNG PRIOK IN MONTHS AHEAD. ON OTHER HAND, UNLESS IMPORTERS ABLE TO CLAIM GOODS THEY HAVE ORDERED, CARGO WILL TEND AGAIN TO PILE UP ON THE

QUAIS. FOR LONGER TERM, WORK UNDER \$5.3 MILLION ADB  
LOAN FOR REHABILITATION AND EXPANSION IS TO INCREASE  
CAPACITY TO 5 MILLION TONS BY 75/76, AND WORLD BANK-  
FINANCES STUDY OF FUTURE NEEDS IN PROGRESS. ADDITIONALLY,  
DEVELOPMENT OF BATAM ISLAND NEAR SINGAPORE AS 2.5 TON-  
PER-YEAR BREADBULK AND TRANSSHIPMENT PORT SHOULD HELP  
ABSORB INTERNATIONAL TRAFFIC AND DIVERT IT VIA  
INTERISLAND SHIPPING TO INDONESIA'S SMALLER PORTS. IT  
IS FAR TOO EARLY TO PREDICT OUTCOME OF STRUGGLE TO MAKE  
TANJUNG PRIOK WORK, BUT PORT USERS CAN TAKE HEART FROM  
RESOURCES AND FLEXIBILITY NOW OBSERVABLE IN GOI RESPONSE  
TO PORT PROBLEMS.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MARINE TRANSPORTATION, ECONOMIC STABILITY, CARGO SHIPS, PORTS, MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 15 AUG 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974JAKART10104  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740224-0956  
**From:** JAKARTA  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1974/newtext/t19740845/aaaabmno.tel  
**Line Count:** 182  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:**  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** JAKARTA 3056  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** martinml  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 21 JUN 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <21 JUN 2002 by reddocgw>; APPROVED <22 JAN 2003 by martinml>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SHIPPING: CONDITONS IN TANJUNG PRIOK PORT  
**TAGS:** ETRN, ID  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005